



- a. Trace expenditures selected in Procedure #3 to requests for reimbursement. Determine that items requested for reimbursement had previously been expended or were expended within a month following the request for reimbursement. If items have not yet been requested for reimbursement, inquire of the responsible School officials as to the plan for requesting reimbursement, and determine if a receivable is recorded, if appropriate.
- b. If FS-25 forms included amounts on Line 4 (Cash Expenditures Anticipated During Next Month), we will select one FS-25 and determine if funds were expended within one month following the date of the request.


Result: MBAF traced the sample expenditures mentioned above to requests for reimbursement, without exception. The School spent the funds prior to receipt. Accordingly, no determination that funds were expended within one month was necessary.

This agreed-upon procedures engagement was conducted in accordance with attestation standards

CARDINAL MCCLOSKEY COMMUNITY CHARTER SCHOOL

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE


OCTOBER 27, 2020



October 27, 2020

To the Audit Committee
Cardinal McCloskey Community Charter School

We have audited the financial statements of Cardinal McCloskey Community Charter School (the “School”) for the period from November 8, 2017 (date of inception) to June 30, 2020 and are prepared to issue our report thereon dated October 27, 2020. Professional standards require that we provide you with the following information related to our audit. This letter includes communications from the auditors to those with audit oversight responsibilities.



D. Qualitative Aspects of Accounting Practices:

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Cardinal McCloskey Community Charter School are described in Note 2 to the financial statements. We noted no transactions entered into by the School during the period for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

E. Accounting Estimates Used in the Financial Statements:

G. Corrected and Uncorrected Misstatements:

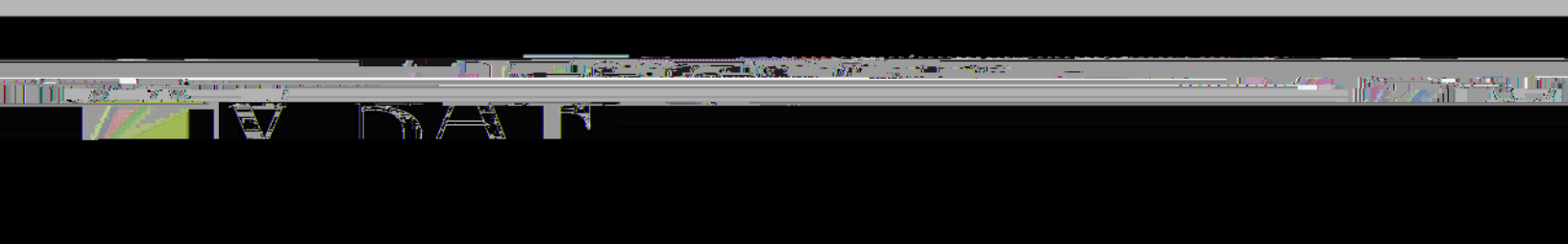
Professional standards require us to accumulate all known and likely misstatements that, in the aggregate, could reasonably be expected to cause the financial statements to be materially misstated.



CARDINAL MCCLOSKEY COMMUNITY CHARTER SCHOOL

FINANCIAL STATEMENTS

JUNE 30, 2020



CARDINAL MCCLOSKEY COMMUNITY CHARTER SCHOOL

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cardinal McCloskey Community Charter School as of June 30, 2020, and the changes in its net assets and its cash flows for the period from November 8, 2017 (date of inception) to June 30, 2020 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As further discussed in Note 8 to the financial statements, a global pandemic has been declared by the World Health Organization as a result of the rapidly growing outbreak of the coronavirus, COVID-19. The extent and ultimate impact of COVID-19 on the School's operating and financial performance cannot be predicted at this time. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2020 on our consideration of Cardinal McCloskey Community Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cardinal McCloskey Community Charter School's internal control over financial reporting and compliance.



New York, NY
October 27, 2020

CARDINAL MCCLOSKEY COMMUNITY CHARTER SCHOOL
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM NOVEMBER 8, 2017 (INCEPTION) TO JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from operating revenue

Other cash received

Cash paid to employees and suppliers

NET CASH PROVIDED BY OPERATING ACTIVITIES

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipmchas2E69.8 ~~FWC~~W 2 >>BDC Q q 57.12 639.3 497.64 10.92 re W n BT

CARDINAL MCCLOSKEY COMMUNITY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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CARDINAL MCCLOSKEY COMMUNITY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting standards update which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity.

The update is to be applied to the beginning of the year of implementation or retrospectively. In June 2020, the FASB issued an accounting standards update which defers the required effective date of the update for one year. As a result, entities may elect to adopt the update for annual reporting periods beginning after December 15, 2019, and for interim reporting periods beginning after December 15, 2020, with early application permitted. The School has elected the deferral and is currently evaluating the effect the update will have on its financial statements.

Lease Accounting

In February 2016, the FASB issued an accounting standards update which amends existing lease guidance. The update requires lessees to recognize a right-of-use asset and related lease liability for many operating leases now currently off-balance sheet under current U.S. GAAP. Also, the FASB has issued amendments to the update with practical expedients related to land easements, lessor accounting, and disclosures related to accounting changes and error corrections.

The update originally required transition to the new lease guidance using a modified retrospective approach which would reflect the application of the update as of the beginning of the earliest comparative period presented. A subsequent amendment to the update provides an optional transition method that allows entities to initially apply the new lease guidance with a cumulative-effect adjustment to the opening balance of equity in the period of adoption. If this optional transition method is elected, after the adoption of the new lease guidance, the School's presentation of comparative periods in the financial statements will continue to be in accordance with current lease accounting. The School is evaluating the method of adoption it will elect.

In June 2020, the FASB issued an accounting standards update which defers the required effective date of the update for one year. As a result, entities may elect to adopt the guidance for annual reporting periods beginning after December 15, 2021, and for interim reporting periods beginning after December 15, 2022, with early application permitted. The School has elected the deferral and is currently evaluating the effect the update will have on its financial statements.

Contributed Nonfinancial Assets

In September 2020, the FASB issued an accounting standards update which amends guidance for not-for-profit entities that receive contributed nonfinancial assets. The update requires not-for-profits to present contributed nonfinancial assets as a separate line item in the statement of activities, and to disclose information regarding each type of contributed nonfinancial assets. The update is to be applied on a retrospective basis and is effective for annual reporting periods beginning after June 15, 2021, and for the interim reporting periods beginning after
